Supreme Court, U.S.
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90-1255
No.

In The
Supreme Court of the United States
October Term, 1990

THE NUTRASWEET COMPANY,
Petitioner,

v.

THE STADT CORP. and CUMBERLAND PACKING CORP.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

STANLEY J. ADELMAN*
MARK I. FELDMAN
GARY M. SIRCUS
RUDNICK & WOLFE
203 North LaSalle Street, #1800
Chicago, Illinois 60601
(312) 368-4000

Attorneys for Petitioner

**Counsel of Record*

JOHN M. SANDERS
GWENDA M. BURKHARDT
The NutraSweet Company
1751 Lake Cook Road
Deerfield, Illinois 60015

Of Counsel

February 5, 1991

QUESTIONS PRESENTED FOR REVIEW

1. Whether a distinctive and brand-identifying color is protectable as a trademark under the Lanham Act.

2. Whether the protectability of a distinctive color mark may be determined without a factual market analysis based solely on an indiscriminate *per se* rule of law.

3. Whether a direct split between the circuits regarding a fundamental issue of trademark protection and statutory interpretation may continue to exist where that conflict undermines the national policies and purposes which the Lanham Act is designed to protect.

PARTIES

The only parties to this action are those listed in the caption. Pursuant to Supreme Court Rule 29.1, Petitioner states that its parent company is Monsanto Company and that its only subsidiary (except wholly owned subsidiaries) is NutraSweet AG.

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

Petitioner, The NutraSweet Company, hereby requests that this Court issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in this case on November 8, 1990.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Seventh Circuit is reported at 917 F.2d 1024 and is reprinted as Appendix A (pp. 1a - 9a). A transcript of the oral ruling of the United States District Court for the Northern District of Illinois regarding Petitioner's Motion for Preliminary Injunction is set forth as Appendix B (pp. 10a - 15a). The Memorandum and Order of the United States District Court for the Northern District of Illinois regarding Respondents' Motion for Summary Judgment is unpublished and is reprinted as Appendix C (pp. 16a - 17a).

JURISDICTION

The judgment of the Seventh Circuit was entered in this case on November 8, 1990. None of the parties requested rehearing. The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1).

STATUTES INVOLVED

The statutes involved in this petition are 15 U.S.C. §§ 1125 and 1127, Sections 43 and 45 of the Lanham Act, which provide in pertinent part as follows:

§ 1125. False designations of origin and false descriptions forbidden

(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

* * *

§ 1127. Construction and definitions; intent of chapter

In the construction of this chapter, unless the contrary is plainly apparent from the context—

* * *

The term "trademark" includes any word, name, symbol, or device, or any combination thereof—

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

* * *

STATEMENT OF THE CASE

This petition presents a direct conflict among the circuits regarding the protectability of distinctive color trademarks. The Seventh Circuit simply ignored the clear language of the Lanham Act in maintaining an unwarranted *per se* exception for such marks and thus denied protection to the pastel blue packet color of Petitioner's Equal® brand sweetener. Although this distinctive packet color is recognized as a brand-identifying trademark by a majority of consumers and would be evaluated accordingly within the Federal and First Circuits, the Seventh Circuit adopted a contrary approach which completely ignores consumer perceptions and market conditions. The Court of Appeals, while acknowledging its split with the Federal Circuit and other courts, held that trademark protection was simply unavailable as a matter of law within the Seventh Circuit for one of the most highly distinctive and well recognized features of Petitioner's product.

The parties manufacture and distribute branded sugar substitutes that are offered in colored packets. Restaurants and food service establishments often display such individual-serving size packets of sugar substitutes in a manner which masks or hides the printed material on the packet, such as by placing the packets edgewise in a bowl or standard-sized container. Therefore, the background color of such packets is frequently the only element of the packet design that is visible to food service

patrons at the time that they select the sweetener of their choice. In this way, and through the promotional efforts of the parties and others, the background color of sweetener packets serves to indicate to consumers the brand of sugar substitute that they can expect to find in the packet itself.

Within the sweetener market, packet color serves the classic trademark function of identifying the various competing products being offered and allowing consumers to efficiently select their preferred brand. Pink packets of Respondent's Sweet 'N Low® product have been a fixture on restaurant tables for many years and were joined in 1981 by the now familiar pastel blue packets of Petitioner's Equal® brand. As a result of the manner in which these colored packets are displayed and the parties' promotional efforts,[1] packet color has become brand specific such that a pastel blue packet is recognized by consumers as identifying Equal.

In the latter part of 1988, Respondents introduced a new sweetener product called Sweet One™, which they offered in pastel blue packets. Although Respondents recognized the possibility that consumers might be confused by their Sweet One packaging, they nonetheless rejected the spectrum of available alternate packet colors (and patterns) and selected a shade of blue that was confusingly similar to the distinctive color of an Equal packet. The media immediately noted the similarity between the colors of the packets and Sweet One was promoted as "the New Blue" sweetener to replace Equal. As a result, an overwhelming fifty-four percent (54%) of potential food service consumers who were shown a bowl containing pastel blue packets of Sweet One were confused and believed that it was Equal or a product of The NutraSweet Company.

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[1] References to packet color permeate the sweetener market, and consumers have been encouraged at both the restaurant table and through media channels to select their preferred sweetener on the basis of packet color. For example, Respondent encourages consumers to "get in the pink with Sweet 'N Low" while referring to Equal as "this blue stuff" and using the slogan "no wonder the competition's blue." This promotion of specific packet colors as brand-identifiers is largely Respondent's own doing and is used both as a creative advertising concept and in reaction to the realities of the food service selection process.

Petitioner initiated this action for trade dress infringement and unfair competition,[2] but the district court refused to allow an evidentiary hearing on NutraSweet's Motion for Preliminary Injunction and granted Respondents' request for summary judgment, holding that as a matter of law Petitioner's distinctive packet color was not entitled to trademark protection. On appeal, the Seventh Circuit affirmed this narrow interpretation of the trademark laws and rejected the views of other courts, particularly those of the Federal Circuit, that distinctive color marks may be protected under the Lanham Act.

The Seventh Circuit's ruling is completely at odds with the purposes of the trademark laws and effectively precludes Petitioner from protecting the goodwill and brand identity that have become associated with its distinctive pastel blue packet color. The Seventh Circuit simply refused to consider the market factors and consumer perceptions which are fundamental to any question of trademark protection, and instead perpetuated an anachronistic *per se* rule which has been expressly rejected by the Federal Circuit, the First Circuit, the Trademark Trial and Appeal Board, and many other courts. In fact, while the scope of trademark protection is being expanded in other jurisdictions, the Seventh Circuit has inexplicably reverted to a narrow "color blind" approach that cannot be reconciled with the national policies and nationwide protections of the Lanham Act.

REASONS FOR GRANTING THE PETITION

In a direct and acknowledged split with other circuits and with the underlying principles of trademark law, the Seventh Circuit below has summarily denied protection to a distinctive brand-identifying trademark. While acknowledging in this case that "[t]he essential purpose of trademark law is to prevent confusion," 917 F.2d at 1028, the Court of Appeals nonetheless ignored overwhelming levels of consumer confusion in favor of perpetuating and expanding an archaic *per se* exception to the Lanham Act which has been rejected by other courts. This approach is completely at odds with the purposes of the trademark laws and, as a result of the conflict among the circuits, creates

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[2] Federal jurisdiction in the district court was based upon 28 U.S.C. §§ 1331 and 1338.

geographic inconsistencies which are antithetical to the Lanham Act's national protections.

I.

The Denial of Trademark Protection to Color Marks is Contrary to the Broad Statutory Mandate of the Lanham Act.

The Lanham Act protects all distinctive trademarks which identify or distinguish one manufacturer's goods from those sold by others. 15 U.S.C. § 1127 (1988). This broad statutory definition is not limited to particular types of marks and grants protection to any recognized brand-identifier, whether it is a word, symbol, sound, fragrance, design or color. *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1120 (Fed. Cir. 1985). As this Court has stated, the trademark laws are designed "to secure to the owner of [a] mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985). Therefore, questions of trademark protection are fact-driven and should depend upon an analysis of market factors and consumer perceptions. Such protections should not be dismissed on the basis of an indiscriminate *per se* rule of law engrafted onto an otherwise unambiguous statute.

Petitioner's distinctive packet color, which is often the consumer's only visible indication of the Equal brand at the time of selection, is an efficient brand-identifier and is entitled to trademark protection under the Lanham Act. This type of distinctive color mark allows consumers to efficiently differentiate between competing brands and is thus entitled to the same scope of protection as any other trademark. *Owens-Corning, supra*, 774 F.2d at 1120. In its refusal to grant such protection, the Seventh Circuit imposed an unwarranted limitation on what qualifies as a trademark and improperly rejected the plain meaning and

unrestricted language of the Lanham Act.[3] Without question, Petitioner's pastel blue packet color fits within the statutory definition as a "symbol or device" which identifies the Equal brand and distinguishes it from other tabletop sweetener products. 15 U.S.C. § 1127.

The notion that color marks may not be protected is based, in part, on the anachronistic view that such non-traditional marks are limited in number and may not be protected for fear of exhausting the available reservoir. *Life Savers Corp. v. Curtiss Candy Co.*, 182 F.2d 4, 9 (7th Cir. 1950). This "color depletion" theory has no statutory basis and should not be applied in a vacuum without considering the competitive needs of the relevant market. *Owens-Corning, supra*, 774 F.2d at 1120. Although concerns regarding the dangers of color depletion have been raised by various courts, the Federal Circuit and other modern courts have recognized that the doctrine's indiscriminate "*per se* prohibition . . . is in conflict with the liberating purposes of the [Lanham] Act." *Id.* These courts have refused to allow the speculative perils of color depletion to overshadow the clear and present danger of consumer confusion created by the infringement of distinctive color marks. *Id.; Keds Corp. v. Renee International Trading Corp.*, 888 F.2d 215 (1st Cir. 1989).

The Seventh Circuit's refusal to even consider protecting Petitioner's distinctive packet color emphasized "adherence to the traditional [color depletion] rule," 917 F.2d at 1027, and thus rejected the broad stautory mandate of the Lanham Act which was established by Congress as a national "system for protecting . . . 'any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify and distinguish his goods, including a unique product, from those manufactured or sold by others.' " *San Francisco Arts*

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[3] As was the case in *Park 'N Fly*, "[o]ne searches the language of the Lanham Act in vain to find any support for the . . . distinction applied by the Court of Appeals." 469 U.S. at 196. The Lanham Act defines a trademark, without restriction, as "any word, name, symbol or device," 15 U.S.C. § 1127, and the Court's judicially created exception to that definition violates the basic rule that "[s]tatutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language expresses the legislative purpose." *Park 'N Fly, supra*, 469 U.S. at 194.

& Athletics, Inc. v. United States Olympic Committee, 483 U.S. 522, 531 (1987), quoting, 15 U.S.C. § 1127.[4] This broad statutory definition does not specify or contemplate any *per se* exceptions and includes any indicia, including colors, which are distinctive and allow consumers to differentiate from among competing brands. *Owens-Corning, supra*, 774 F.2d at 1119-20; *see also In re Clarke*, 17 USPQ.2d 1238 (TTAB 1990)(a distinctive fragrance may be protected and registered as a trademark). This Court should require that the language, purpose and meaning of the Lanham Act be applied in determining the protectability of distinctive color marks, and should reject judicially created exceptions which disserve the very purpose of the statute.

II.

There is a Direct and Acknowledged Split Between the Circuits Regarding the Protectability of Distinctive Color Marks Which Threatens the Uniform National Application of the Lanham Act.

The Seventh Circuit's position not only conflicts with the statutory mandate of the trademark laws, but is also a dramatic departure from the approach taken by other courts. In *Owens-Corning*, the Federal Circuit dispelled the misconception that there was or should be an absolute prohibition against protecting color marks. 774 F.2d at 1120; *see also Keds, supra*, 888 F.2d at 221. The theory that the reservoir of colors should be guarded against depletion was "not faulted for appropriate application," but the rule should not be applied indiscriminately and thus requires a factual market analysis to determine whether there is a specific competitive need for a full spectrum of colors to remain available. *Owens-Corning, supra*, 774 F.2d at 1120. The

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[4] Section 45 of the Lanham Act, 15 U.S.C. § 1127, was amended in 1988 to include trademarks "which a person has a bona fide intention to use in commerce." Although the statutory definition was not otherwise changed, it is interesting to note that the committee formed by the Senate to make recommendations regarding the 1988 Lanham Act revisions expressly "determined that the terms 'symbol or device' should not be deleted or narrowed to preclude registration of such things as color, shape, smell, sound or configuration which function as a mark." *The United States Trademark Association Trademark Review Commission Report and Recommendations*, 77 Trademark Rep. 375, 421 (1987)

Seventh Circuit rejected such a fact-driven standard as "unworkable" and instead adopted the reasoning of the *Owens-Corning* dissent without addressing the persuasive arguments put forward by that court's majority. 917 F.2d at 1027-28.

In rejecting the approach adopted below, the Federal Circuit held that questions of trademark protection should not be decided based upon the type of mark at issue because any distinctive mark which "gives the public a reliable indication of source and thus facilitates responsible marketplace competition" is entitled to protection. *Owens-Corning, supra*, 774 F.2d at 1124. The court recognized that these questions were dependent upon market factors, such as consumer perceptions and customary marketing practices, and rejected a *per se* rule as an unreasonable and absolute restriction on the acquisition and protectability of trademark rights. *Id.* at 1122. Although questions of trademark protection are undeniably factual in nature and require "proper reflection upon the impression likely to govern the ordinary purchaser in the marketplace," *Owens-Corning, supra*, 774 F.2d at 1123, the court below simply "trots out the old color depletion theory" in the hopes of avoiding such a factual analysis. *Keds, supra*, 888 F.2d at 221.

The Federal Circuit also addressed the Seventh Circuit's concern in this case "that infringement actions could soon degenerate into questions of shade confusion," 917 F.2d at 1027, with the appropriate rejoinder that "deciding likelihood of confusion among color shades is no more difficult or subtle than deciding likelihood of confusion where word marks are involved." *Owens-Corning, supra*, 774 F.2d at 1123. The effects of variations in shading are no different from other questions of market perceptions and should not be dismissed simply because litigation may be necessary to resolve the issue. 917 F.2d at 1027. The avoidance of demonstrable confusion, whether it be between words or colors, demands a thorough trademark analysis and a review of the very facts which the court below refused to consider.[5]

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[5] The Seventh Circuit also concluded that granting trademark protection to color marks *might* create barriers to entry in the tabletop sweetener market, but then refused to consider the very market factors upon which such an analysis should be based. 917 F.2d at 1028; *compare Owens-Corning, supra*, 774 F.2d at 1120-23.

Although the Seventh Circuit determined that the *Owens-Corning* court had been "[c]onfronted with an unusual set of facts," 917 F.2d at 1027, the ruling below leaves courts within the Seventh Circuit with no means of evaluating other unique marks or markets.[6] In fact, the direct conflict presented here creates the distinct possibility that the pink color of Owens-Corning's fiberglas insulation, which has been protected by the Federal Circuit and has been registered on the Principle Register of the U.S. Patent and Trademark Office, could nonetheless be infringed with impunity within the Seventh Circuit.[7] Therefore, in addition to an obvious and acknowledged split among the circuits, the effect of that split may be an inconsistent enforcement of the national system of trademark protection mandated by the Lanham Act.

As this Court has noted, the plain language of the Lanham Act, as well as its legislative history, require that all types of trademarks "should receive nationally the greatest protection that can be given them." *Park 'N Fly, supra*, 469 U.S. at 193.

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[6] Market conditions and perceptions must be considered by the court in order to determine whether the industry in question is sufficiently unique to justify the protection of color alone. The tabletop sweetener market is one in which consumers have little choice but to rely on packet color for purposes of selecting a preferred brand and have been trained to think of packet color as a brand-identifier. Moreover, it is impossible to determine whether this industry is one of "appropriate application" for the color depletion rule without considering the competitive nature of the market. *Owens-Corning, supra*, 774 F.2d at 1120. Given the limited number of competitors and the indisputable importance of packet color, the tabletop sweetener market is precisely the type of "unique" industry where the effects of color protection demand a proper factual analysis.

[7] While the Seventh Circuit may not have considered this as a consequence of its ruling, the clear implication is that the court's broad stroke refusal to protect a distinctive color trademark applies to all such marks, whether registered or not. In effect, this means that the Seventh Circuit may unilaterally refuse to enforce a mark which has been deemed protectable by the Federal Circuit and/or the Trademark Trial and Appeal Board, and thus circumvent their exclusive jurisdiction to determine questions of registrability. *See* 28 U.S.C. § 1295(a)(4)(B). Therefore, not only has the Seventh Circuit opted to disregard the Federal Circuit's acknowledged expertise on issues of trademark protection, but it has also rendered ineffective the protections which the Federal Circuit has conferred on parties such as Owens-Corning by making it unable to protect its distinctive and registered pink insulation from infringement in Illinois, Indiana and Wisconsin.

This goal is utterly frustrated, however, where a mark which has been (or could be) protected within one jurisdiction is summarily denied the benefits of such protection in a different judicial circuit. Commercial markets are not governed by the vagaries of the federal court map, and such arbitrary boundaries of protectability cannot be reconciled with a national trademark system. "Congress enacted the Lanham Act in 1946 in order to provide national protection for trademarks" and to rectify the state of affairs that existed prior to its passage where "rights to trademarks were uncertain and subject to variation in different parts of the country." *Park 'N Fly, supra,* 469 U.S. at 193. These regional inconsistencies are no less pernicious today and should not be allowed to develop as a result of conflicting court opinions.[8] If left unresolved, the conflict between the Seventh Circuit and the Federal Circuit begins to resurrect the regional patchwork of trademark laws and protections which the Lanham Act was designed to correct.

III.

The Denial of Trademark Protection to Color Marks Leaves Petitioner and the Consuming Public Without a Proper Remedy.

The conflict between *Owens-Corning* and the Seventh Circuit below also raises other fundamental questions of trademark protection. The extreme position of the court below in perpetuating a *per se* exception for color trademarks unnecessarily denies Petitioner the right to protect a distinctive element of its brand identity and offers no remedy for the 54% of consumers who are confused as a result of Petitioner's inability to protect that distinctive packet color. *Compare Owens-Corning, supra,* 774 F.2d at 1127. Although the Court has a clear statutory obligation "to protect the ability of consumers to distinguish among competing producers," *Park 'N Fly, supra,* 469 U.S. at 198, the Seventh Circuit's narrow reading of the Lanham Act totally ignores the interests of consumers and allows overwhelming public confusion

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[8] Ironically, the Seventh Circuit suggests that its *per se* prohibition will promote "[c]onsistency and predictability," 917 F.2d at 1027, but this statement fails to consider that the marks presented for its review are used nationwide and are entitled to national protection. *Park 'N Fly, supra,* 469 U.S. at 193.

for the sake of adhering to an outmoded and unnecessary rule. 917 F.2d at 1027.[9]

This restrictive approach ignores and directly contradicts the purposes and policies of the federal trademark laws. A judicial interpretation which places "adherence to [a] traditional rule," 917 F.2d at 1027, above the recognition of a distinctive mark and the correction of massive consumer confusion cannot be reconciled with the goals of trademark protection. *See Park 'N Fly, supra*, 469 U.S. at 193. Having conceded that the "essential purpose of trademark law is to prevent confusion," there is simply no basis for the Seventh Circuit's denial of Petitioner's right to even seek such a remedy. 917 F.2d at 1028.

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[9] The Seventh Circuit suggests that its ruling "does not mean that NutraSweet is without protection if a competitor tries to pass off its goods as those of NutraSweet," 917 F.2d at 1028, but of course that is exactly what Petitioner has been prevented from doing. Consumers select sweetener packets based upon color and, as the First Circuit has noted, additional labeling does not necessarily limit the likelihood of confusion with respect to color marks. *Keds, supra*, 888 F.2d at 222; *see also Owens-Corning, supra*, 774 F.2d at 1124. Moreover, as noted above, the Seventh Circuit's ruling may leave other parties without a proper remedy in the states within that court's jurisdiction by its refusal to enforce trademark rights created in other forums, such as the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or the Federal Circuit.

CONCLUSION

The Seventh Circuit's ruling and its adherence to the outmoded theory of color depletion creates a direct split within the federal trademark system which should have a national uniform application. This split should be resolved in favor of protecting distinctive color trademarks and against the *per se* denial of such protection, as mandated by the plain meaning of the Lanham Act. For these reasons, a writ of certiorari should issue to review the judgment and opinion of the Seventh Circuit.

Respectfully submitted,

STANLEY J. ADELMAN*
MARK I. FELDMAN
GARY M. SIRCUS
RUDNICK & WOLFE
203 North LaSalle Street, #1800
Chicago, Illinois 60601
(312) 368-4000

Attorneys for Petitioner

**Counsel of Record*

JOHN M. SANDERS
GWENDA M. BURKHARDT
The NutraSweet Company
1751 Lake Cook Road
Deerfield, Illinois 60015

Of Counsel

February 5, 1991

APPENDIX

APPENDIX A

In the

United States Court of Appeals

For the Seventh Circuit

Nos. 89-2528 & 89-3097

THE NUTRASWEET COMPANY,

Plaintiff-Appellant,

v.

THE STADT CORP. and
CUMBERLAND PACKING CORP.,

Defendants-Appellees.

Appeal from the United States District Court
for the Northern District of Illinois, Eastern Division.
No. 89 C 1333—**James B. Moran**, *Judge.*

ARGUED FEBRUARY 20, 1990—DECIDED NOVEMBER 8, 1990

Before COFFEY and RIPPLE, *Circuit Judges*, and REYNOLDS, *Senior District Judge.**

REYNOLDS, *Senior District Judge.* This is an action for trade-dress infringement and unfair competition to enjoin defendants-appellees Stadt Corporation ("Stadt") and Cumberland Packing Corporation ("Cumberland") from packaging their sugar substitute, "Sweet One," in a blue packet. The plaintiff-appellant NutraSweet Company ("NutraSweet") appeals the district court's denial of its motion

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* The Honorable John W. Reynolds, Senior District Judge for the Eastern District of Wisconsin, is sitting by designation.

for a preliminary injunction and the district court's grant of summary judgment in favor of Stadt and Cumberland.[1] The issue for this court to decide is whether color can be a trademark. The district court said no. We affirm.

I
BACKGROUND

A. Facts

The parties each manufacture and distribute sugar substitute products in single-serving-size colored packets which are offered to consumers in restaurants and other food service establishments. Cumberland is a New York corporation whose predecessor in interest was a family business headed by Benjamin Eisenstadt (Cumberland's predecessor in interest will also be referred to as "Cumberland"). In 1948, Benjamin Eisenstadt changed the nature of the business of Cumberland from a cafeteria to a packaging company based upon the concept of packaging granulated refined sugar ("sugar") in small single-serving-size white packets or envelopes. Since 1948, sugar has been packaged and sold by refiners and packers in single-serving-size white paper packets. The use of white paper for sugar packets is, and has been since their introduction in about 1948, a widespread and customary practice in the sugar industry.[2] Since their introduction, sugar packets made of white paper have been made available to patrons of food service establishments, such as restaurants, in bowls or caddies provided on restaurant tables and coun-

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[1] The district court granted summary judgment on Counts I, III, IV, and V of the complaint. Count II, which is for deceptive advertising under the Lanham Act, remains to be litigated.

[2] NutraSweet points out that Cumberland markets a sugar product, "Sugar in the Raw", in a brown packet. That does not mean that the use of white packets for sugar is not widespread and customary, nor does it constitute a material factual dispute that would preclude the grant of summary judgment.

ters. From 1948 to 1958, the white sugar packets were the only sweetener packets available in such bowls or caddies.

In 1958, Cumberland began to manufacture and sell granulated low calorie sugar substitute for tabletop use in single-serving-size pink paper packets under the brand name "Sweet 'N Low." "Sweet 'N Low" sugar substitute was the first granulated sugar substitute to be packaged in such packets. "Sweet 'N Low" began appearing in restaurants, hotels, and other food service outlets in 1958 alongside the sugar packets in the same bowls or caddies. "Sweet 'N Low" packets were packaged in pink paper to distinguish them from sugar packets made of white paper.

After "Sweet 'N Low" was introduced in its pink packet, producers began and are now packaging their respective brands of granulated sugar substitute in packets made of colored paper. In 1981, NutraSweet introduced "Equal," a sugar substitute, in packets made of white paper. These white packets resembled many of the single-serving-size packets used by competitors to package sugar; therefore, in 1982, NutraSweet decided to distinguish the appearance of its "Equal" packets by using a blue background.[3]

In 1988, Cumberland and Stadt introduced a new sugar substitute called "Sweet One" in single-serving-size packets. "Sweet One" is packaged in a blue packet. Nutra-

[3] Complaint, ¶ 13. In addition to the blue and pink packets of "Equal" and "Sweet 'N Low" respectively, Alberto-Culver Company's "Sugar Twin" sugar substitute is packaged in yellow packets. The parties dispute whether there are any other competitors in the tabletop sweetener market which seems to be defined as restaurants, hotels, and other food service establishments. NutraSweet asserts that there is no evidence that there are more than three competitors in the tabletop sweetener market. Cumberland and Stadt assert that there are several producers of sugar substitute products in pink packets, although they only identify one of them, Weight Watchers "Sweet'ner" sugar substitute, as being offered in the tabletop sweetener market. This factual dispute is not material to the court's decision.

Sweet does not contend that the color of the "Sweet One" packet is the same shade of blue as the "Equal" packet, and a review of the packets reveals that they are not the same shade of blue. NutraSweet does contend, however, that "Sweet One" is packaged in confusingly similar pastel blue packets. NutraSweet challenges appellees' use of blue packets as an infringing trade dress under the Lanham Act, 15 U.S.C. § 1051 *et seq.*, the Illinois Consumer Fraud and Deceptive Trade Practices Act, Ill. Rev. Stat. ch. 121½, ¶ 311, *et seq.*, and the Illinois Anti-Dilution Act, Ill. Rev. Stat. ch. 140, ¶ 22. (Brief of Plaintiff-Appellant, 89-2528, p.1).

B. Procedural History

NutraSweet commenced this action for a preliminary and permanent injunction on February 17, 1989. Cumberland and Stadt answered the complaint and filed a counterclaim. Cumberland and Stadt then moved for summary judgment seeking dismissal of NutraSweet's trade-dress infringement, unfair competition, deceptive trade practices, and dilution claims (Counts I, III, IV and V). NutraSweet opposed the motion.

NutraSweet then filed a motion for a preliminary injunction and a motion to set an evidentiary hearing on the motion for a preliminary injunction. The district court denied NutraSweet's motion for an evidentiary hearing on the motion for a preliminary injunction and denied NutraSweet's motion for a preliminary injunction based upon the affidavits and other evidence offered in support of and in opposition to the motion for summary judgment but did not rule on the summary judgment motion. NutraSweet filed a notice of appeal from that order (Appeal No. 89-2528). Later, on September 25, 1989, the district court granted the summary judgment motion and NutraSweet filed its notice of appeal from that order (Appeal No. 89-3097). On October 4, 1989, the district court certified its ruling on the motion for summary judgment, *nunc pro tunc* for September 25, 1989, as a final order

under 54(b) of the Federal Rules of Civil Procedure and this court consolidated the two appeals for purposes of disposition.[4]

II

ANALYSIS

A grant of summary judgment is reviewed *de novo*.[5] *Brock v. American Postal Workers Union, Chicago Local*, 815 F.2d 466, 469 (7th Cir. 1987). The fundamental issue for this court to decide is whether mere color[6] should ever be accorded trade-dress protection under Section 43(a) of the Lanham Act.[7] 15 U.S.C. § 1051 *et seq.* The seminal case in this circuit is *Life Savers v. Curtiss Candy Co.*, 182 F.2d 4, 9 (7th Cir. 1950). In *Life Savers*, this court stated that:

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[4] As noted in footnote 1, the district court's grant of summary judgment did not dispose of the entire case.

[5] The court will affirm the district court's opinion based on a finding that, as a matter of law, color is not subject to trademark protection. Our affirmance of the district court's decision on the summary judgment motion moots the appeal of the denial of the motion for a preliminary injunction.

[6] NutraSweet is attempting to appropriate a mere color, i.e. a color unconfined by any design, sometimes referred to as a color, *per se*, or color "alone." NutraSweet's action for trade-dress infringement does not include any logos, designs or other markings on its "Equal" packets.

[7] A product's trade dress is the overall image used to present it to purchasers; it could include, to give a partial list, the product's size, shape, color, graphics, packaging, and label. *Vaughan Mfg. Co. v. Brikam Int'l, Inc.*, 814 F.2d 346, 348 n.2 (7th Cir. 1987). The parties have used the terms trademark and trade dress interchangeably, and this court has indicated that there is probably no substantive legal difference between these terms. *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 608 (7th Cir. 1986). Courts deciding trade-dress cases cite freely from trademark cases, and vice versa. *Vaughan*, 814 F.2d at 348 n.2.

> As a rule color cannot be monopolized to distinguish a product. *Diamond Match Co. v. Saginaw Match Co.*, 6 Cir., 142 F. 727, 729, certiorari denied 203 U.S. 589, 27 S.Ct. 776, 51 L.Ed. 330. Color is not subject to trade-mark monopoly except in connection with some definite arbitrary symbol or design. *James Heddon's Sons v. Millsite Steel & Wire Works, Inc.*, 6 Cir., 128 F.2d 6, 9.

This court believes that that should continue to be the law in this circuit.

NutraSweet urges this court to adopt the position of the United States Court of Appeals, Federal Circuit, which has declined to establish a *per se* prohibition against registering colors as trademarks. *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1120 (Fed. Cir. 1985). Confronted with an unusual set of facts, the court in *Owens-Corning* established a limited rule that in certain situations a particular color could itself be registered as a trademark. *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1382 (9th Cir. 1987). Using a two-step analysis, the Federal Circuit court determined first that there was no competitive need in the insulation industry for the color pink to remain available to all insulation producers and, second, that pink insulation, had acquired a secondary meaning. *Id.*

Judge Jean Galloway Bissel dissented and proposed adherence to the traditional rule that the overall color of a product cannot be a trade identity designation, nor is it entitled to registration. *Owens-Corning*, 774 F.2d at 1128 (Bissel dissenting). This court finds Judge Bissel's reasoning persuasive, and especially so in this circuit for the following reasons:

First, lawyers have advised clients, clients have conducted their affairs, and litigants have won, lost, and settled, all based upon the prevailing law in this circuit. Consistency and predictability of the law are compelling reasons for not lightly setting aside a settled principle of law.

Second, there is no need to change the law. This court's interpretation of the Lanham Act adequately protects the use of color as an element of a trademark. Although color alone cannot be protected as a trademark, it may be protected if it is used in connection with some symbol or design or impressed in a particular design, as a circle, square, triangle, a cross, or a star. *Barbasol Co. v. Jacobs*, 160 F.2d 336, 338 (7th Cir. 1947).

The third reason for the general rule that defines the appropriation of a particular color is that infringement actions could soon degenerate into questions of shade confusion. *Owens-Corning*, 774 F.2d at 1131 (Bissel dissenting). The case before the court provides a vivid example of the problems with shade confusion. NutraSweet does not contend that the color blue of the "Sweet One" packet is identical to the color blue of the "Equal" packet, but rather, based upon market research, that the shades of blue are confusingly similar. How different do the colors have to be? Under NutraSweet's proposed test, the only way to answer that question is through litigation.

Lastly, changing the law based on the facts in this case might create a barrier to otherwise lawful competition in the tabletop sweetener market. NutraSweet contends that the accepted market understanding is that pastel blue means "Equal," pink means "Sweet 'N Low," and yellow means "Sugar Twin." NutraSweet argues that "[t]hat which is confusingly similar to Equal's blue packet would not likely cover the whole spectrum of blue, although that is certainly a question of fact to be determined after evidence as to what is confusingly similar." (NutraSweet reply brief Appeal No. 89-2528, p. 2). NutraSweet urges this court to adopt a fact-driven standard which would require the trial court to scrutinize the tabletop sweetener market to determine the number of competitors and the likelihood of future competitors in that market to determine whether there is a competitive need for the color blue to remain available. Such a standard would prove unworkable, for there is no way for a court to predict the likelihood of future competitors in a particular market.

It is likely, however, that if each of the competitors presently in the tabletop sweetener market were permitted to appropriate a particular color for its product, new entrants would be deterred from entering the market. The essential purpose of trademark law is to prevent confusion, not to bar new entrants into the market. *Owens-Corning*, 774 F.2d at 1130. This does not mean that NutraSweet is without protection if a competitor tries to pass off its goods as those of NutraSweet. NutraSweet's overall trade-dress may be protected; but, it may not protect the mere color of its packet.

For the reasons stated, the trial court's granting of the motion for summary judgment is affirmed, and the appeal of the denial of the motion for a preliminary injunction is denied as moot.

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United States Court of Appeals
For the Seventh Circuit

Chicago, Illinois 60604

JUDGMENT — WITH ORAL ARGUMENT

Date: November 8, 1990

BEFORE: **Honorable** John L. Coffey, Circuit Judge

Honorable Kenneth F. Ripple, Circuit Judge

Honorable John W. Reynolds, Senior District Judge*

Nos. 89-2528 and 89-3097

NUTRASWEET COMPANY,
Plaintiff-Appellant

v.

STADT CORPORATION and CUMBERLAND PACKING CORPORATION,
Defendants-Appellees

Appeals from the United States District Court for the Northern District of Illinois, Eastern Division

No. 89 C 1333,

Judge **James B. Moran**

These causes were heard on the record from the above mentioned district court, and were argued by counsel.

On consideration whereof, IT IS ORDERED AND ADJUDGED by this Court that the trial court's granting of the motion of summary judgment is AFFIRMED, with costs, and the appeal of the denial of the motion for a preliminary injunction is DENIED as moot, in accordance with the opinion of this Court filed this date.

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* The Honorable John W. Reynolds, Senior District Judge for the Eastern District of Wisconsin, is sitting by designation.

APPENDIX B

In the United States District Court Northern District of Illinois Eastern Division

THE NUTRASWEET COMPANY,
Plaintiff,

vs.

THE STADT CORPORATION, and CUMBERLAND PACKING CORPORATION,
Defendants.

No. 89 C 1333

Chicago, Illinois
July 14, 1989

9:30 a.m.

TRANSCRIPT OF PROCEEDINGS BEFORE THE HONORABLE JAMES B. MORAN

(Proceedings in chambers.)

THE COURT: Well, people, I am not prepared to grant the motion for summary judgment today, but I am going to say I don't see any purpose in having a hearing on a motion for preliminary injunction. I will deny that on the ground that when we boil in all the standards, that the chances of the plaintiff prevailing are too slim to justify a preliminary injunction, which, obviously, means that you have got something that you can go upstairs with right away if you want to.

MR. ADELMAN: I take it there will be an order.

THE COURT: Yes.

Can you have a trademark in a color? We certainly can in the Federal Circuit. Maybe in viewing the Owens-Corning case, the Seventh Circuit would back off from what now is a fairly old case, the Life Savers case. But, is the concept of color depletion alive and well? I believe it is in that it is only in extraordinary circumstances that one can monopolize color.

The only case, it seems to me, that is directly comparable in terms of saying the thing we are talking about is color and color only is the Owens-Corning case. In the pharmaceutical cases, you have color-plus, the shape of the capsules. You also have concerns about customer confusion with a product that, if are wrong, if you grab the wrong thing, it could cause great harm. And you are talking about a product that there isn't any room for any prominent logo on a pill.

You have cases such as the Beverage Server case, for example, is a color-plus case. It is not just a color or combinations of color. It is in a particular configuration.

In Owens-Corning, it was just color, but it was color in a case where, one, there was no reason for adding a color other than wanting it to look like Owens-Corning. As I read the case, nobody else was using pink. People were competing all over the place on just the standard glass color and insulation. Because of particular circumstances in that case, the Federal Circuit said: On this one, we are going to look at secondary meaning. It is, obviously, not at all functional, and we don't think it really has an anticompetitive effect. So, yes, you can go ahead and get a trademark on it.

In the product we are talking about here, it isn't a question of functionality as I understand functionality. The packets don't have to be blue. But does the record establish, at least the present record, that for competitive reasons, they have got to be some color other than white? I think that the record does establish that.

I must say, it is a little hard to coerce yourself from your own experience. I always use the white stuff. When I go into a restaurant, what I an looking for is the white packet, because I know those colored packets are the things I don't want.

Could it be blue? It could be blue. Could it be yellow? It could be yellow. If so, then maybe we would be hearing from Alberto Culver. Could it be a shade of red? It could be. If so, we probably would be hearing from the Sweet 'N Low people, and they would be in court. We have now covered all the primary colors.

Would it be a different case if defendant had exactly the same shade so that when somebody looked in the sugar bowl, and there were the two products side by side, you couldn't tell the difference with the logos disguised, that could well be a different case.

But, here, there is, obviously, a sufficient differentiation so that somebody looking at them in the bowl can tell that one is one shade and one is another. If they want to check to see which is which, they can pull them out and read the stuff that's on the packet.

I guess the long and the short of it is I am persuaded on the basis of what is here that color does perform a function, although it isn't a specific color. Whether or not defendant could make something out of blue being special and soothing and so forth, I don't know, and they haven't tried so far. So I am not resting on that at all.

But given the fact that color does perform a competitive function, or it seems to me that in all likelihood it does on the basis of what is before me so far, then I don't think that we are in that very, very narrow window opening of Owens-Corning, and I am not going to enjoin the defendant from going ahead with the packet that they are going to be using.

MR. ADELMAN: Your Honor could I — I'm sorry; I didn't mean to interrupt you.

THE COURT: Go ahead.

MR. ADELMAN: Could I just ask a question about your ruling?

THE COURT: Sure.

MR. ADELMAN: Are you denying the motion for preliminary injunction?

THE COURT: I am denying it.

MR. ADELMAN: Even though the only thing before you, we filed a motion, and then we asked for a hearing. You are denying the motion, in other words, at this point based on the record that is before you on summary judgment.

THE COURT: Right, which means it gives you the avenue to go up. It is on the basis of the record that is before me on the summary judgment motion. I don't see any real purpose to be served by a hearing at this point on the preliminary injunction.

MR. ADELMAN: But you are not granting the motion for summary judgment at this point?

THE COURT: Not today, because I just haven't had enough time to be sure in my own mind that there is no way in the world that you can prevail if it went all way through.

MR. ADELMAN: The only question that I have — and now I am talking, I suppose, as a proceduralist, not wanting to have all of us in a track where we waste a lot of time unnecessarily — as we appeal your denial of the motion for summary judgment which is, in part, rested on the facts present in the summary judgment motion or the record presented in the summary judgment motion, am I going to be met at the Seventh Circuit with the Court saying: That's not a proper record on which to deny the preliminary injunction. I have never had this situation before actually.

THE COURT: I wouldn't think so, because I'am sitting here — you filed a motion for preliminary injunction.

MR. ADELMAN: Absolutely.

THE COURT: The material that is in the record is in the record whether it is filed in support of the motion for summary judgment or whether it was filed in support of or against a motion for preliminary injunction. It seems to me I am certainly entitled to look at the entire record in making a judgment as to whether I am going to grant or proceed further on your motion for preliminary injunction.

MR. ADELMAN: But you do understand that we believe that there is a substantial addition to the record that would be made on the hearing for preliminary injunction that did not have to relate to the motion for summary judgment, because we felt that there were questions of fact, those very questions of fact which would be resolved by the evidence adduced at the preliminary injunction hearing.

THE COURT: Yes, and I am assuming for the purpose of this ruling that, yes, you can establish that a significant percentage of people, when they look at a blue packet in the sugar bowl in a restaurant, that they will think in terms of your client as an equal.

MR. SUTKER: If I may, Your Honor — I'm sorry.

THE COURT: Now, I recognize there is a distinction between secondary meaning and proof of confusion. We don't get to that. But the legal conclusion that, in these circumstances, you can't monopolize a whole spectrum of blue assumes as a legal predicate that that is irrespective of whether there is secondary meaning or not, which I think takes care of your problem, doesn't it?

MR. ADELMAN: Well, I am not sure in reading the cases. I mean, I have to — it is not that I am trying to dodge your question, Your Honor. I have read these cases.

THE COURT: No, but in terms of your being able to make your pitch on appeal —

MR. ADELMAN: Well, my only concern is that the Seventh Circuit could say that the Court was obligated to grant the hearing unless it ruled on the summary judgment motion. That is the only thing that concerns me. I suppose by the time we would get up there and have a full hearing and a ruling, we might even have your summary judgment motion opinion. So that maybe we can combine it. Things don't often work as fast as we would always like them to in these situations, but that is my only concern at this point.

THE COURT: I would expect to rule on the summary judgment motion right after I come back.

MR. ADELMAN: Okay.

MR. SUTKER: Your Honor, is it fair to assume that you have considered everything in the record? I think you certainly suggested that not only the papers on the motion for summary judgment but the materials that were filed on the motion for preliminary injunction. We haven't filed a response, but those were part of the record.

THE COURT: Right. I went through everything that has been filed, all the affidavits, all the pleadings, all the exhibits. So for your purposes, you can assume that whatever was there was relied upon, and it is fair game.

MR. ADELMAN: Okay.

MR. FINK: Just for clarification, and I know it is going to come up, you are not ruling one way or another on the summary judgment motion today, is that right.

MR. SUTKER: That was very clear.

THE COURT: Right.

MR. ADELMAN: It was pretty clear.

MR. FINK: I don't want them to come back later and say you denied the motion for summary judgment.

THE COURT: No, I haven't denied it; I just haven't ruled yet.

MR. ADELMAN: I think you have indicated that you will rule on it shortly after your coming back. I at least thought, I got an indication of how you were going to rule on it.

THE COURT: And I think that's a fair indication.

MR. ADELMAN: Thank you, Your Honor.

MS. BURKHARDT: Thank you, Your Honor.

MR. FINK: Thank you.

MR. SUTKER: Enjoy your vacation, Your Honor.

THE COURT: I intend to.

(Proceedings concluded.)

APPENDIX C

In the United States District Court For the Northern District of Illinois Eastern Division

THE NUTRASWEET COMPANY,
Plaintiff,

vs.

THE STADT CORPORATION, and CUMBERLAND PACKING CORP.,
Defendants.

No. 89 C 1333

MEMORANDUM AND ORDER

On July 14, 1989 this court denied plaintiff's motion for a preliminary injunction but deferred ruling upon defendants' motion for summary judgment. We now grant that motion for summary judgment.

When the preliminary injunction was denied, this court was not yet comfortable enough with the record to be persuaded that there were no genuine issues of material fact and that defendants were entitled to judgment as a matter of law. Since then we have had the benefit of the briefs filed in the Court of Appeals revisiting and refining the issues argued before this court, and we are now so persuaded. There is, moreover, little to add to the remarks of July 14. It is beyond reasonable dispute that there is an industry need for the use of color for sugar-substitute packets, although blue itself is not functional, and that defendants' shade of blue is distinctively different from plaintiff's. In those circumstances we need not consider whether plaintiff might have a right to protection against use of its particular shade and we do not reach what is a disputed but immaterial issue, whether

or not consumers associate the color blue with plaintiff's product. Indeed they may, since plaintiff has been until now, apparently, the only significant source of a sugar-substitute in a blue packet. But that does not entitle plaintiff to monopolize the entire blue spectrum (and its surveys relate to the use of "blue," not some shade of blue) or even some range now described as pastel blue.

/s/ JAMES B. MORAN

JAMES B. MORAN
Judge, United States District Court

Sept 25, 1989.